

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – FEBRUARY 27, 2003

PRESENT: Chairman Anthony Maiola and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse

EXCUSED: Commissioner John Byrne; Nicole Horton, Wine Marketing Specialist.

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Sales Reports:

The SA1000 report for the week ending February 23, 2003 shows retail sales were up 15.4%, on-premise sales were up almost 3.2%, off-premise sales were down 3.2%, and total aggregate sales were up about 11.14%. The traffic count decreased by 2,514, as did the average sales ticket by \$1.07.

Craig reminded everyone that there was an adjustment line on this week's W-I Total Weekly Sales Report due to the problems experienced last week. As a result, percentages and weekly figures were incorrect. This will, hopefully, be straightened out by next week. However, the yearly figures are correct. Total sales for the year were up about 5% or \$11,364,223 over last year. Year-to-date, wine sales increased 9.12% or \$9,087,559, while sales of spirits increased 2.48% or \$3,058,771.

B. Budget Reports:

As of February 25th there are three outstanding balances in the December column of the current outstanding depletions and post-offs report. One of the brokers will be making full payment on March 10th, including interest charged. Since there appears to be some confusion, a letter is planned for distribution to brokers explaining how interest payment charges are accrued.

There will be a meeting with the House Public Works work committee next Tuesday, March 4th at 9:30 a.m. The paperwork has been prepared for this.

Work continues on development of a workmen's compensation plan, to which an accident reporting policy will be added. This will, hopefully, be completed before next Thursday's meeting.

A review of the current W-6 Expense Budget Activity Variance Report shows targeted expenditures to be at 65.75%, with actual agency totals at about 66% expended. George feels the budget is in good shape, but is close because of benefits and salaries being up so much over last year. He pointed out that Current Expenses is down over \$100,000 this

year, with most of the credit going to store operations, which has decreased \$75,000 from last year. They are reviewing the need to transfer into the Overtime Pay account and then wait until April to make the final transfer of the year. Accounting will have better idea of what needs to be done within the next few weeks.

Individuals from CA are installing the actual software for the accounting package on the servers. Everything has been positive so far.

It is expected that revenues for February will exceed estimates by about \$500,000.

George asked for the Commission's approval to streamline the number of bank accounts. All deposit slips would have the same digits, except for the last two which would indicate the individual store number. The stores would use the same bank, but everything would be combined into one account. He also asked for approval to designate the Treasury account to be the direct recipient for all credit card monies, which would then be directly credited to revenues instead of sitting idle in banks. It was moved by Commissioner Maiola, seconded by Commissioner Russell, that both of these requests be approved. The motion was unanimously adopted.

2. IT Reports:

The electronic specification system is up and appears to be running well, with over 200 submissions to date. There does seem to be a little confusion as to what the vendor and broker responsibilities are. It may be necessary to send out a letter to the vendors to encourage the use of this new system.

Howard attended a meeting with the Governor's new CIO, for whom all IT heads now technically work for. Everyone is still assigned to be where they are now and will continue to do what they have been doing. At this time, meetings are scheduled for every Wednesday afternoon.

II. MARKETING & SALES REPORTS

1. Store Operations

Because of the inflated figures, no report was given on retail store sales.

Renovations will begin next Monday at Store #34 in Salem on the north side. The store will basically be cut in two, with one-half of the registers removed. This will continue for about three weeks, at which time a switch will be made to the south side of the store.

A meeting was held with the landlord of the new Brookline store location, which consists of 4,700 square feet and closely resembles the Store #11 location in Lebanon with high ceilings. The Commission may have to entertain unique signage there. Peter said the landlord has been very cooperative in asking what the Commission's needs are.

Bids for renovations on Store #38 Portsmouth are due back within the next week.

A. Store Hours of Operations:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve changes to the regular store hours at nineteen (19) store locations which will implement later opening and closing times at many of these location, as well as earlier closing times at two locations, based upon productivity at each of the locations for May 2002, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. Debit Card Cash Back Option:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a cash back option for customers on debit card purchases at a minimum amount of \$20.00, with additional \$20.00 increments to a cap of \$100.00, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted. Discussion followed regarding development of a clear policy covering the loss of a *gift* card. Howard said the *gift card* program should be ready for implementation around May 1st.

2. Purchasing Report

John Bunnell reported that a meeting for wine broker representatives had occurred at Horizon Beverage regarding deliveries. There have been some difficulties with frozen wines being received. These include shipments of Cabot, Rosemount, Cashmere and Bancroft products. Also, Baileys has been out-of-stock for a few days, with delivery anticipated yesterday morning.

Mike Goclowwski said a file has been rebuilt for NABCA which reduces time to two seconds for a grant file. Also, there is finally backup between Law and the Commission through the web site.

3. Merchandising Report

A. SPIRITS:

1) President's Day Sale (Feb. 6 – Feb. 17, 2003):

The results of the President's Day Sale, which took place from Thursday, February 6 through Monday, February 17, 2003, was noted as a moderate success, with sales up 29% over last year's sale.

2) Test Market Products:

a. Test Market Request (3 Bacardi party products):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA for new test market product listings for Bacardi Rum Island Iced Tea, 750ML size (assigned four-digit Code #5235); Bacardi Bahama Mama, 750ML size (assigned four-digit Code #5234); and Bacardi Hurricane, 750ML size (assigned four-digit Code #5236), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (3 Bacardi flavored rums):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Bacardi USA for new test market product listings for Bacardi Razz, 750ML size (assigned four-digit Code #4202); Bacardi Vanilla, 750ML size (assigned four-digit Code #4203); and Bacardi Coco, 750ML size (assigned four-digit Code #4204), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) April Special Offers (104 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and four (104) spirit items, to be featured on sale during April 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Spirit Products Recommended for Delist:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny appeals regarding the delisting of six (6) spirit items, grant specialty listings to seven (7) spirit items which are unique and one of a kind, and table appeals for two (2) spirit items, all of which were voted to be issued delist notices at the Commission meeting of February 6, 2003, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listings:

a. General Distribution (Code #32975):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the general distribution of Code #32975, Fume Blanc Covey Run Yakima Valley, 750ML size, as this product has earned a gross profit of at least \$6,500.00 during a twelve-month period, the majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. General Distribution (Codes #28675, #31596, #34824 & #36577):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the general distribution of the following four (4) wine codes, each of which has earned a gross profit of at least \$6,500.00 during a twelve-month period, the majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #28675, Banrock Station Chardonnay, 1.5L; Code #31596, Shiraz Banrock Station Ausl., 1.5L; Code #34824, Chardonnay Covey Run Columbia Valley, 750ML; Code #36577, Cabernet/Merlot Covey Run Wash., 750ML. The motion was unanimously adopted.

c. General Distribution (Code #34870):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the general distribution of Code #34870, Vinho Verde Arca Nova, 750ML size, as this product has earned a gross profit of at least \$6,500.00 during a twelve-month period, the majority of which has been in the retail and on-premise markets, to be initially distributed to Cluster 1 and 2 stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Recommended Wine Specialty Products:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve nine (9) wine codes to be designated as wine specialty

products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) Recommended Allocated Wines for Distribution to Selected Stores (10 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve ten (10) allocated wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated & Restricted Wines for Distribution to Selected Stores (4 items):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve four (4) allocated and restricted wines for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Not Recommended – Allocations for Distribution to Selected Stores (1 item):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission deny one (1) wine code for designation as an allocated item for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Primary Source Submissions (26 items – imported):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of twenty-six (26) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated February 21 through February 27, 2003. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer offer) requests to become effective March 2003. The motion was unanimously adopted.

3. Late Items: None.

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

